

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of SAN GABRIEL VALLEY WATER COMPANY (U337W) for Authority to Increase Rates Charged for Water Service in its Fontana Water Company Division to increase revenues by \$11,573,200 or 39.1% in 2003, \$3,078,400 or 7.3% in 2004, \$3,078,400 or 6.8% in 2005, and \$3,079,900 or 6.4% in 2006.

Application 02-11-044
(Filed November 25, 2002)

**SCOPING MEMO AND RULING OF ASSIGNED COMMISSIONER
AND ADMINISTRATIVE LAW JUDGE**

San Gabriel Valley Water Company (San Gabriel) requests authority to (1) increase its rates charged for water service in its Fontana Water Company Division for the years 2003 through 2006; (2) utilize a new Schedule No. CARW, entitled "California Alternative Rates for Water," applicable to low-income residential customers; and (3) add to its Water Quality Memorandum Account certain future costs which cannot be reasonably estimated at this time and to amortize the balances in existing balancing and memorandum accounts.

The Office of Ratepayer Advocates (ORA) protested this application. The Commission held a prehearing conference (PHC) on Monday, May 5, 2003, in Fontana, California. At the PHC, the City of Fontana's late-filed protest was accepted.

This ruling confirms the categorization of this proceeding as ratesetting, and affirms the need for hearings. It also sets forth the proceeding's scope and

schedule, confirms the principal hearing officer, specifies the time and manner for requesting oral argument, and addresses other procedural issues which will facilitate the efficient processing of this application.

1. Categorization and the Need for Hearings

This ruling confirms the Commission's preliminary categorization in Resolution ALJ 176-3102 of ratesetting. This ruling is appealable under Rule 6.4. This ruling also confirms the preliminary determination that hearings are necessary.

2. Scope of This Proceeding

The principal issue is whether it is appropriate to grant San Gabriel's request for authority to increase rates charged for water service in its Fontana Water Company Division.

Issues which may be addressed include, but are not limited to, the following:

- issues related to forecast of sales and operating revenue, estimated expenses, the proposed capital improvement program, cost of capital, treatment of proceeds of sales of utility plant, and the potential to impose expansion fees on new development;
- related ratemaking (such as appropriate rate of return) and rate design issues;
- issues related to appropriate attrition year adjustments;
- factual and legal issues related to the contamination of wells serving the Fontana Water Company Division, and the potential for recovery of associated costs from potential responsible parties; and
- legal and policy issues surrounding the ratemaking treatment of proceeds from lawsuits or other proceedings related to

contamination of wells used to serve the Fontana Water Company Division.

3. Schedule

We adopt the following schedule for this proceeding, taking into account the discussions at the PHC:

Event	Date
ORA Testimony	Served by Tuesday, June 24, 2003
Testimony of Other Parties	Served by Tuesday, July 1, 2003
Applicant's rebuttal testimony	Served by Wednesday, July 16, 2003
Written requests for Closing Argument Before the Assigned Commissioner	Served by Wednesday, July 16, 2003
Parties joint stipulated testimony, including but not limited to testimony regarding ratemaking and rate design issues.	Served by Monday, July 21, 2003
Cross-examination estimates due	Served by 5 p.m. on Monday, July 21, 2003. Service by e-mail to ALJ at kcm@cpuc.ca.gov .
Evidentiary Hearings	Commence Monday, July 28, 2003 at 10 a.m., in the Commission's Courtroom, State Office Building, 505 Van Ness Avenue, San Francisco, California. Hearings on Tuesday, July 29, 2003 through Friday, August 1, 2003, as needed.
Requests for Oral Argument Before the Commission	Made no later than the last day of evidentiary hearings
Concurrent Opening Briefs	Thursday, August 21, 2003
Concurrent Reply Briefs	Friday, September 5, 2003

The proposed decision will be placed on a Commission business meeting agenda within 75 days after submission of the proceeding.

Our goal is to resolve this proceeding as soon as possible after it is submitted, and we anticipate that resolution will occur in any event within 18 months from the date of the filing of the application.

4. Principal Hearing Officer and Final Oral Argument

Pursuant to Pub. Util. Code § 1701.3, Commissioner Peevey designates Administrative Law Judge (ALJ) Maloney as the principal hearing officer.

As stated in the schedule, and pursuant to Rule 8(d), parties requesting final oral argument before the Commission must do so no later than the close of the evidentiary hearings, unless directed otherwise by the Assigned Commissioner or ALJ.

5. Service List

At the PHC, we established the official service list which is attached hereto as Appendix A.

6. Exhibits

Parties shall follow the requirements set forth in Appendix B regarding service, correction and identification of, and cross-examination with, exhibits in the hearing room.

7. Ex Parte Communications

Rules 7(c), (f), (g), and 7.1 apply to this proceeding.

8. Discovery Disputes

If the parties have discovery disputes they are unable to resolve by meeting and conferring, they should raise these disputes under the Commission's Law and Motion Procedure. (Resolution ALJ-164.)

Therefore, **IT IS RULED** that:

1. This ruling confirms the Commission's preliminary categorization in Resolution ALJ 176-3102 of ratesetting. This ruling is appealable under Rule 6.4.
2. This ruling affirms the Commission's preliminary determination that hearings are necessary.
3. The schedule and scope of this proceeding are set forth in Sections 2 and 3.
4. Administrative Law Judge Maloney is the principal hearing officer in this application.
5. The official service list is attached as Appendix A.
6. Parties shall follow the instructions in Appendix B regarding service, correction and identification of, and cross-examination with, exhibits in the hearing room.
7. Rules 7(c), (f), (g), and 7.1 regarding ex parte communication apply to this proceeding.
8. Parties shall resolve discovery disputes pursuant to the instructions in Section 8.

Dated May 20, 2003, at San Francisco, California.

/s/ MICHAEL R. PEEVEY
Michael R. Peevey
Assigned Commissioner

/s/ KATHLEEN MALONEY by s.k.
Kathleen Maloney
Administrative Law Judge

APPENDIX A Service List

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(END OF APPENDIX A)

APPENDIX B (Page 1)

Prepared Written Testimony and Exhibits

Service

All prepared written testimony should be served on all appearances and state service on the service list, as well as on the Assigned Commissioner's office and on the Assigned ALJ. Prepared written testimony should NOT be filed with the Commission's Docket Office.

Identification of Exhibits in the Hearing Room

Each party sponsoring an exhibit should, in the hearing room, provide **two copies to the ALJ and one to the court reporter**, and have at least five copies available for distribution to parties present in the hearing room. **The *upper right hand corner* of the exhibit cover sheet should be *blank* for the ALJ's exhibit stamp.** Thus, if parties "pre-mark" exhibits in any way, they should do so in the upper left hand corner of the cover sheet. Please note that this directive applies to cross-examination exhibits as well. If there is not sufficient room in the upper right hand corner for an exhibit stamp, please prepare a cover sheet for the cross-examination exhibit.

Cross-Examination With Exhibits

As a general rule, if a party intends to introduce an exhibit in the course of cross-examination, the party should provide a copy of the exhibit to the witness and the witness' counsel before the witness takes the stand on the day the exhibit is to be introduced. Generally, a party is not required to give the witness an advance copy of the document if it is to be used for purposes of impeachment or to obtain the witness' spontaneous reaction. An exception might exist if parties have otherwise agreed to prior disclosure, such as in the case of confidential documents.

APPENDIX B
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Corrections to Exhibits

Generally, corrections to an exhibit should be made in advance and not orally from the witness stand. Corrections should be made in a timely manner by providing new exhibit pages on which corrections appear. The original text to be deleted should be lined out with the substitute or added text shown above or inserted. Each correction page should be marked with the word “revised” and the revision date.

Exhibit corrections will receive the same number as the original exhibit plus a letter to identify the correction. Corrections of exhibits with multiple sponsors will also be identified by chapter number. For example, Exhibit 5-3-B is the second correction made to Chapter 3 of Exhibit 5.

(END OF APPENDIX B)

CERTIFICATE OF SERVICE

I certify that I have by mail this day served a true copy of the original attached Scoping Memo and Ruling of Assigned Commissioner and Administrative Law Judge on all parties of record in this proceeding or their attorneys of record.

Dated May 20, 2003, at San Francisco, California.

/s/ JEANNIE CHANG

Jeannie Chang

N O T I C E

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address to insure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.

The Commission's policy is to schedule hearings (meetings, workshops, etc.) in locations that are accessible to people with disabilities. To verify that a particular location is accessible, call: Calendar Clerk (415) 703-1203.

If specialized accommodations for the disabled are needed, e.g., sign language interpreters, those making the arrangements must call the Public Advisor at (415) 703-2074, TTY 1-866-836-7825 or (415) 703-5282 at least three working days in advance of the event.

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